GAS HEARING BEGUN BEFORE DISTRICT COMMITTEE OF THE HOUSE

Dr. Alexander Humphrey, President of Stevens' Institute, Testifies as Manufacturer and Expert.

Cost of Production, Price to Consumer, and Question of Capitalization Covered in Examination Conducted by Attorney Goldsborough.

COUDREY BILL,

Committee on District of Columbia. House of Representatives, April 4, 1910.

Chairman-The committee come to order, and, as I understand it. Mr. Hazelton will address the committee

Mr. Goldsborough-I want to say, if the committee please, that we have some testimony that we would like to introduce, and perhaps it would be advantageous all around if the testimony should be concluded before Mr. Hazelton opens his argument. And I would like to say, further, to the committee that this course is for us a vitally important proposition, involving, as it does, as I understand it, the constitutional rights of the company When we get through with the testimony I shall probably ask the committee to indulge me in an argument for the company, to be made at a subsequent day, so that I may have an opportunity to fully present our side of the case to the

Mr. Pearre-It seems to me that the suggestion of Mr. Goldsborough is a reasonable one, and that the testimony should be concluded before the argument

Mr. Goldsborough-I would like to say, if the committee pleases, on behalf of the company, that I think that this resolution goes to the whole root of the controversy that has been blooming here for quite a number of years, and which blooms perpetually, like the flowers in the spring, in reference to the general character of the Gas Company and its general attitude toward the public as a faithful public servant. If the company is doing its duty fairly, as we shall endeavor to show that it has done, and is doing, of course there is no reason to penalize it. This is an indictment practically-it is more than an indictment; it is a judgment against the company, in effect, in a case in which it is charged with no

The Chairman-Who is it that desires to be heard upon this?

STATEMENT OF MR. COTTER T. BRIDE

of Washington, D. C. The Chairman-Please give your name and your business.

Mr. Bride-My name is Cotter T. Bride, and I am in the real estate business now. I own a house on Pennsylvania avenue might desire to ask you some questions which was occupied by a man by the as you proceed. Sam Swain. He sold out, and found out that they could not get the interruptedly. money from the man himself, so then The Chairman-Very well, and I think

not turn on the gas. Mr. Pearre-You say you went to court. What court did you go to?

Mr. Bride-The Municipal Court. Mr. Pearre-What was the decision of offered by the gentleman this morning

Mr. Bride-The decision was against me,

what is the use of trying? Mr. Cary-Now, Mr. Chairman,

committee. I have four letters here burned in a draft, or something of that that I would like to have put in the kind, so that the combustion was not to letters of mine. The Senators claim that we are now having an investigation, and they say: "Why have an-The Chairman-The clerk will read

The clerk read Mr. Carv's letters

and the following replies to them: April 2, 1910. Hon. William J. Cary, House of Repre-

sentatives, Washington, D. C. My Dear Sir: I am in receipt of your letter of the 1st instant, in which you state that Chairman Smith of the Committee on the District of Columhia of the House of Representatives has appointed you chairman of a subcommittee to investigate the Gas Company here in Washington, and in reply you are advised that according to my information the Chairman of the Committee on the District of Columbia is not authorized to take up the joint investigation without direct authority from the Senate, and I am not aware that such authority has been granted I abserve from the public prints that the Gas Company is now being investigated by your committee, and I hardly think the Senate would feel justified in intruding upon that committee or in attempting to duplicate its work Very truly yours,

(Signed) THOS. H. CARTER. April 1, 1910. Hon. William J. Cary, M. C., House of

My Dear Mr. Cary: I am in receipt of your favor of yesterday, in which you say that Chairman Smith, of the House Committee on the District of Columbia has appointed you chairman of a subcommittee to sit with the Senate subcommittee to investigate the Gas Company in Washington, and you ask me to tell you what arrangements have been made for the proposed investigation. In reply I beg to say that I have been laboring under the could manage such matters on its own account, and I have also thought that the House of Representatives was equally competent to manage its affairs. I noticed that in a recent discussion in the House committee you suggested that now wonder whether or not you and your mmittee are to supply the dynamite beg further to add that the Senate has not as vet directed an investigation. If

GAS COMPANY HEARING ON THE | formed by the Senate committee without any assistance.

> Permit me, very respectfully yours, Signed) J. H. GALLINGER, Chairman. Mr. Cary-Now you see how near we are to an investigation in the Senate.

Mr. Rothermel-I wish to ask you a question, Mr. Carv. You wrote the letter on your own responsibility, and without having called a meeting of the subcomittee, did you not?

Mr. Cary-I intended to call the subcommittee together, but in the meantime Mr. Smith had tried to make some kind of an arrangement previously, but he could get no satisfaction, so I thought I would write a letter to see what satisfaction I could get, and this is what I

STATEMENT OF MR. ALEXANDER C. HUMPHREYS, of the Stevens Institute

Technology. The Chairman-Mr. Humphreys, please state your name and your business. Mr. Humphreys-Alexander C. Humphreys, president of the Stevens Institute of Technology, and in the gas business.

Mr. Pearre-You are a gas expert, is that it? Mr. Humphreys-I am an operating gas nanager; president of the Buffalo Gas I have been in charge of not less than fifty gas companies during my

Washington?

Mr. Humphreys-No; I am a resident of New York, or Morristown, N. J., whichever you like Mr. Pearre-And you came here to tes-

tify for the Gas Company? Mr. Humphreys-Yes, sir.

Mr. Coudrey-At whose request? Mr. Humphreys-At the request of the gas company Mr. Cary-Were you not here a year or

Mr. Humphreys-I was here about two years ago, Mr. Cary, and I remember meeting you at that time.

Mr. Cary-You came at that time at the suggestion of the gas company also dld you not? Mr. Humphreys-Yes, sir.

Now, Mr. Chairman, if I may go ahead in my own way, I would like to do so but if the committee desires-

The Chairman-Yes, if you would prefer it, you may proceed uninterruptedly to make your statement, or the committee

nctified the gas company that he had difference to me, but I think perhaps sold out. But they sent the bills to Sam that my remarks would be a little more Swain only, but he had moved. They intelligible if I proceeded for a while un-

they sent the bill to me, and would not that would be more satisfactory to the turn on the gas until the bill was paid, committee. Suppose you proceed for fif-I went to the court with it, but they beat | teen or twenty minutes, and then if any me. The bill was for \$37.60. They would one desires to ask you questions, they

will do so. Mr. Humphreys-First of all, I would like to refer, as it is very likely fresh in your minds, to the testimony that was

in regard to the quality of gas. The gentleman who testified said that there was and I have had charge of all branches but the judge told me: "You carry it up too much oil in the gas. That may be of the business. to the other court, and it will be all right; true, and it may not be true. If it is and with a jury you will win." He de- true, then it means that they are making qualification, but what I want to get at cided for the gas company, however. You too rich gas, or that a certain amount is this: This resolution calls for an incannot get ahead of the gas company, and of gas went through at that time which vestigation of the gas company here, was unduly enriched; that is, with too and what we want to know is whether, I high candle-power. But the chances are in your opinion, you can say yes or no would like to have the clerk of the that that was not true, but that it was as to whether the gas company here is committee read these letters to the simply a matter of a rich gas being overcapitalized or not.

record, two of them being in answer complete. I believe that was intimated by the witness. I also understood him capitalized, and there is not the slightest to say that oil is not always used to enrich the gas. I do not know just what was meant there. If he means that there are other enrichments than oil, of course that is true. For many years our coal gas was enriched with cannel coal and other bituminous minerals to a very high

candle-power, but the present tendency is to enrich even coal gas with oil; but oll is most generally used, however, to a great extent, in the enrichment of what is called water gas. Water gas can be run at a much higher illuminating value, or candle-power, than can coa gas; in other words, without undue smoke you could use a 22 or 23 candlepower water gas where a coal gas of 18 or 19 candle-power would give about the same trouble with smoke. In all cases you will get smoke if the combus tion is not complete; that is, with any gas of fairly high candle-power. Where you get a perfectly clear flame without smoke, that means, under almost all conditions, that it is a very low candle-power

gas, and you do not need any scientist to tell you that. Where there is a strong tendency to give off smoke, it is simply a matter of a very rich, heavy gas. The gas that the witness referred to as having made 1,800 feet of it at a price of 49 cents was, I presume, what is known no doubt, as rich oil gas, and that amount-49 cents-was, I suppose, the manufacturing cost. That would be gas distilled direct from the oil, without anything else, and very much the same character of gas as the Pintsch gas that has been used for many years in lighting cars, so as to get the greatest amount of illumination without the

smallest compass, but in that way giving themselves additional problems in the way of getting rid of troubles due to improper combustion, because it is extremely difficult to burn those rich gases but the fact is undoubtedly true that a without smoke. I can speak upon that very large part of the capital that has out about the credibility of the witness particular subject, because I am familiar gone into betterments was derived from during the cross-examination; to see if impression heretofore that the Senate with it, as I was for three and a half profits. years the chief engineer of the Pintsch

Mr. Goldsborough-You spoke of 49 cents being the cost of the retort manufacture. nothing but dynamite would start the You meant to say that it did not include Senate committee in the matter of an in- the cost of distribution or fixed charges? vestigation of the gas company, and I Mr. Humphreys-Yes, the manufacturing cost, without anything else. Of course, we should consider that a proif we should conclude to act jointly. I hibitive cost for gas without any other

this country.

charges. Now, gentlemen, I have a few notes

here which I would like to refer to, if you care to have me do so. First, if I may be permitted, I would like to refer to the omplaint that was made here the other day as to a bill of \$2.79. Of course, I don't know whether the committee cares with regard to deposits is to take a de- even taking it from their statement, they posit where the company has no means of knowing the standing of the applicant, just as when you go into a dry goods store to buy on credit, you have to establish your credit before you will be allowed to open an account. So \$5 is deposited, and if a bill of \$2.79 should not be paid. then the method of procedure would practically amount to the deducting of the \$2.79 from the deposit to cover the bill, derstand it, but the waterand then immediately asking the cusbe paid and the deposit left intact. Another witness referred to the fact

of the works, because the company already had a large surplus from which to pay for such extensions. I don't know whether it is necessary before this committee to refer to such a subject as that or not. Of course the company has a large surplus, and it is represented by this fact, that the capitalization does not represent and is not equal to the amount invested, consequently there must be a surplus; but that surplus is invested in plant almost entirely, and the balance of the surplus is used as working capital. Possibly there may be a moderate amount there that is in excess of the actual requirements; and the actual amount to be reserved for working capital is a matter of business judgment; but the surplus in the main is, of course, the surplus that is now invested in plant.

Now, you cannot very well pay for the extension of a main on Twenty-first street by using the money already inkested in a main on Twenty-second street, so that this rather loose talk about using the surplus which is aiready invested in plant is not very helpful in meeting a business proposi-

Mr. Coudrey-If it will not interrupt you, I would like to ask a question. For instance, we are investigating and trying to find out whether the gas company are charging too much for their gas. Do you know anything about the capitalization and surplus, and so forth, of the

gas company here? Mr. Humphreys-Yes, sir. Mr. Coudrey-What was their original

Mr. Humphreys-Well, I could not tell you that, because that goes back into ancient history, although I could tell! you from papers that I have: from my

Mr. Coudrey-Are you a gas expert.

Mr. Humphreys-Of the gas company Mr. Coudrey Yes. Mr. Humphreys-I have handled every

branch of the gas busines, sir. Mr. Hazelton-But he means of this

Mr. Coudrey-I am only speaking of this company in Washington. Mr. Humphreys-In my investigations for them in past years, and in my investigations for people outside of Washingtheir business, and am qualified to do so;

Mr. Coudrey-It is not a question of

Mr. Humphreys-At the present time! Mr. Coudrey-Yes, sir.

Mr. Humphreys-It is decidedly under question about it.

Mr. Coudrey-How about their profits? Mr. Humphreys-They are not extravagant by any means; and, furthermore their statement underestimates their expenses; in other words, their profits are overstated, in my opinion.

Mr. Coudrey-Do you mean that their statement does not give a true statement of their expenses?

Mr. Humphreys-True, so far as they believe, but, of course, I differ with them as to certain additional items which go into expenses.

Mr. Coudrey-What per cent did they make on their capital last year? Mr. Humphreys-I will have to figure

that out, if you will pardon me for a moment. According to their statement? Mr. Coudrey-Yes; I want to see whether you agree with them on the figures or Mr. Goldsborough-Also, doctor, if you

have the references convenient there, will you please give the value of the prop-Mr. Coudrey-Have you the printed statement there that they have issued?

Mr. Humphreys-Yes. Mr. Hazelton-It is the report that they are bound to make by law.

Mr. Pearre-It has to be made under Mr. Goldsborough-There is no question about the accuracy of the figures. Mr. Coudrey-Is there any way by

which we can get the original capital of Mr. Goldsborough-I can tell you that. It was originally \$50,000 Mr. Coudrey-How much more

have you put in? Mr. Goldsborough-It would be hard to make a statement of just the amount,

Mr. Coudrey-For instance, in addition in charge of that company's business in more actual money has gone into the honest. plant?

> Mr. Goldsborough-I know that \$500,000 went into it about four or five years after the company was first started.

hesitancy in saying that a large part of divide it up? the capitalization was derived from earn- Mr. Humphreys-Well, I could not tell that action shall be taken it will be per- that I made the other day at the hearing ings that the company has been per- you, because I have never had such a like this unless he felt that it was cor- is not always what the capitalization is.

mitted to make by law, under statutory case as that, and I never expect to have rect, and it is about as correct as any Of course, an ordinary man would thin

Mr. Humphreys-The capitalization as of \$2,600,000, and improvement bonds of \$598,000, or practically \$600,000. So we can state that the capitalization \$5,800,000. The net earnings were \$647,000. I should prefer to introduce a correction there, and reduce the earnings quite a little, because I do not think that the amount which is put I was chief engineer and general superto hear anything upon that or not. The in for the accruing liability, on account practice throughout the United States of depreciation, is large enough. But,

> cent, almost exactly that. Mr. Coudrey-How much of that capitalization is, you might say, water? Mr. Humphreys-None at all, sir.

> earn on this capitalization about 11 per

Mr. Coudrey-None at all? Mr. Humphreys-Absolutely none Mr. Coudrey-Suppose you make money

then you increase your capital, as I ur

Mr. Humphreys-You will have to detomer to put up \$2.79 in order to complete fine just what "water" is. Water, to my the deposit again. In other words, it is mind, is capitalization which is not repreintended, under such circumstances, that sented by actual value, and especially the deposit shall stay always ahead of not represented by physical property the bill. This amounts to the same thing Now, all of this capitalization is far more as happened in the case complained of, than represented by actual plant, by my when the company demanded that the bill firm's appraisement, so, instead of there

being water, this capitalization is mor than represented by actual live assets that it would not be necessary to have There is no water, but there is a surplus, money from additional capital to and that is where this surplus comes in make extensions either of the mains or to which these men have referred, and which has been already invested in plant, Mr. Coudrey-Do you know how much actual money has been put into the I do Washington Gaslight Company? not mean out of the money earned, but

other moneys? Mr. Humphreys-That I don't know. Mr. Coudrey-Of course, they earn money every year, but if they are earning abnormal profit then we ought to

know it, that is all. Mr. Humphreys-Of course, upon that you would have to make an investigation for every year. Now, as to these abnormal profits, as to whether there is any, to my mind there is none unless you can find some extreme case of great surplus earnings due to excessive prices. I have in the past looked over the prices for the Washington gas as compared with that of other cities, and, of course have been familiar in a general way with the Washington affairs as to the gas business for the last thirty years. Washington has never had a reputation for charging a high price for gas. If a com-pany should decide that it will not give out all its earnings in dividends, but satisfy its stockholders by a conservative dividend, and place the balance in plant, that would be what we Americans, in the past certainly, have considered good management, and that is why Americans to a great extent have been prosperous, and that is what has built up the industries of the country. They have not been in

provident and paid out all of the money earned, but have taken some of the earnings and placed them back in the plant and business, and so in that way the surplus earnings have been employed by this company. Under the present direction of affairs, especially by governmental bodies, it is doubtful whether that is a good policy, because it raises a question as to whether the owners of the property are ntitled to what they own. I am not a lawyer, but I venture to believe that if you go back into the past to determine whether earnings were excessive earnings or not, that those earnings having been earned, and the stockholders having held them and put them not into their pockets, but into the plant, that they own them just as much as if they had paid out

Mr. Pearre-You consider those things in order that they may be a guide to you In the future; that is, you consider those things in mapping out a policy for the

Mr. Humphreys-Yes, sir; and that is just what I am coming to. My point is this, that in an investigation like this, and I have been in a good many of them, in my own company, as well as others-Mr. Rothermel-In this connection let me ask you are you interested personally in a gas company elsewhere?

Mr. Humphreys-Yes, sir.

Mr. Rothermel-But elsewhere? Mr. Humphreys-Yes, I am president of the Buffalo Gas Company.

Mr. Rothermel-Are you interested in other places? Mr. Humphreys-I don't think that I have got any interest unless it is a small stock interest in one other company-I

don't think at present I have any other interest; I don't think of it. Mr. Coudrey-And you would not consider that you are a prejudiced juror? Mr. Humphreys-No, sir, I am not, and my friends and my clients would not

think so, either. Mr. Coudrey-I would not think that your friends or your clients would think so, but I am talking about the public. Mr. Humphreys-With those who know

a prejudiced witness. What I mean about my clients is this: Nobody knows better than my clients that my testimony cannot be controlled.

Mr. Wiley-I would like to mention an analogous case for Mr. Coudrey's benefit. If Mr. Coudrey were examining an engineer of a corporation in reference to omething in connection with another corporation, the fact that he was an englneer of a corporation would not necessarily bias his testimony in regard to the corporation in which he had no interest whatever, would it?

Mr. Rothermel-But if the witness is personally interested in both characters Mr. Pearre-It would show his line of

thought. Mr. Humphreys-Certainly; and I must he able to stand a cross-examination upon that, of course. Mr. Pearre-And not reflecting upon

the credibility of the witness, but simply to his testimony. Mr. Humphreys-But isn't it true that the court in that case would try to find

he could make good? Mr. Pearre-Of course; and the court company, and the first American engineer to this \$50,000 'do you know how much would assume that the witnesses are

Mr. Cary-But you are president of a gas company?

Mr. Humphreys-Yes, sir. Mr. Cary-As president of that gas

stated here is \$2,600,000, paid up, with divi- the Washington Gaslight Company has to 50-cent gas; that is where a certain dends and certificates of indebtedness any connection with the Rosslyn Gas

> Mr. Humphreys-I am not aware of that; I don't know anything about it. sibly have, in any way. Mr. Humphreys-Continuing my answer

take, for instance, the company in which intendent for many years-the United Gas different parts of the United States. My sumption, and of course that would not recollection is that when I started with be fair except to include as one element that company in 1885 they had a capital in calculating the average. Kingston

stocks. To-day they have, I think, \$50,- sand, while the average price, correctly 000,000 of capital, and not a dollar of it is determined, was \$1.15. Columbia, Mo., water. That \$50,000,000 has been furnished they had down as 60 cents, because under in part by direct contributions from stock- certain circumstances a certain amount holders, and by issuing new stock, and in could be sold for 60 cents, but the aver part by capitalizing their earnings. For age price was \$1.50. Then, again, Es a year or two they did not pay dividends; then they paid 4, then 6 per cent, and finally they paid 8 per cent, and for was stated at 80 cents, when the averyears they have been paying that amount age figure is 85 cents. I merely state

Mr Peafre-What company did you say that was?

Mr. Humphreys-The United Gas Improvement Company, of Philadelphia, with works at Kansas City, Omaha, Des Moines, and many other places. Their policy was, the managers being prudent men, not to distribute all their earnings in dividends, which meant that as the years went on they accumulated a surplus: but some of the surplus has since been represented by an issue of stock. Just under what legal form that is is sued I am not for the moment prepared to say. But I know that some stock has been issued for surplus earnings which were invested in plant. There has never been any opportunity to distribute those earnings in cash, because they needed that surplus and more to take care of the extension of the plant, and that is the same with other companies in which I have been interested. It is the same in our company in Buffalo, where we compete with 30-cent natural gas. We use

provements. Mr. Pearre-How much do you receive in Buffalo for your gas per 1,000? Mr. Humphreys-One dollar; that is, w furnish \$1 illuminating gas in competition

our very small surplus in making im-

with 30-cent natural gas. Mr. Aiken-Can you tell us what the average price for gas is all over the United States?

Mr. Humphreys-In averaging that up I don't know what it would come to, but I can give you the prices in the different The true average could only be found by taking the product of the amount sold at each separate price and dividing the totals of all of those products by the total amount sold by all the

Mr. Aiken-Take the large cities, such as Chicago, Boston, Cleveland, New York,

Mr. Humphreys-New York City is selling gas for 80 cents per thousand; and tween the assets as determined by that under the ruling of the United States Supreme Court, not final, as you know, it is making on that, on the actual amount invested in the gas end of its business, of it about 4 per cent. And I would like to York No. 1, to the effect that they are earning much more, that their statement is absolutely incorrect, and I can prove it. Mr. Pearre-They claim to earn how them?

Mr. Humphreys-About 4 per cent on the actual investment in the gas business. Mr. Cary-Mr. Humphreys, do you remember that the last time you appeared before this committee I made the ass. tion that the city of Milwaukee furnish

the consumers? Mr. Humphreys-I remember that we had some little talk about it.

Mr. Cary-And Milwaukee is a city a little larger than Washington, which hauls its ceal from Buffalo, about 1,000 miles or more, upon the lakes, while its coal that far. Yet we are able to sell gas in Milwaukee at a price of 60 to 80 cents a thousand, according to the amount used, after hauling the coal that great distance. And they also return to you the cost of a meter if you come up to the amount expected to be used by one family. I had a return the other day months they give each and every man who works for them 10 per cent of the

wages that they earn as a present, and other presents at Christmas time. Mr. Goldsborough-Don't they use coke oven gas there? Mr. Cary-Lately the Semet-Solvay Coke Company has made a connection

with the Milwaukee Gas Company. Mr. Goldsborough-And hasn't that been Mr. Cary-Yes, three or four years, but

this price has been maintained for a great many years; ten years, anyhow. Mr. Humphreys-The present price has been maintained ten years?

how much service is included. At the Mr. Cary-About six years, I should

Mr. Humphreys-I cannot agree with you as to the Semet-Solvay Company, because I have a statement before me, issued by the vice president and general manager of the Milwaukee Gaslight Company, Mr. Glass, which is probably the most complete statement of gas prices that has ever been issued in the United States.

Mr. Humphreys-1907. I was going to mention the date. The price in 1907 for the first 19,000 cubic feet was 80 cents. Bear in mind that this lower price is based upon the amount that is used. The testified here the other day and who first 10,000 feet per month will cost you 80 cents per thousand, and, of course, that takes in probably 90 per cent of the consumers of the city. Then if you consume 10,000 feet more per month, it is

Mr. Cary-What date is that?

Mr. Cary-That is correct. Mr. Pearre-That is graded according to the amount consumed.

in excess of twenty thousand feet per

month it is 60 cents per thousand.

Mr. Humphreys-But there is this difference, it is not a reduction to 60 cents per thousand until you buy over 20,000 feet per month, and then that amount over 20.000 feet is 60 cents, while you still have to pay 80 cents per thousand for the investment? first 10,000 feet, and in order to get the Mr. Humphreys-No, sir. I distinctly 60 cent gas you have first to burn those stated my figures, and I left no opporprevious amounts, 10,000 feet at 80 cents tunity for a misunderstanding as to what per thousand and another 10,000 feet at amount this 11 per cent was figured on-0 cents per thousard, the result being \$2,600,000 plus \$2,600,000 plus \$600,000. Mr. Coudrey-Well, that is \$500,000. How company, supposing your company should that the price paid is close to 80 cents. accumulate an amount of \$5,000,000, which And in that connection you can see how per cent and a fraction? Mr. Goldsborough-I could not tell you you did not wish to spend for better- very misleading those prices can be accurately how much more, but as the ments, improvements, and so forth, how made. If the gentlemen want facts I representative of the company I have no would you get rid of it; how would you would advise you to get this statement. Mr. Glass is an extremely fair man, and of course he would not issue anything Mr. Humphreys stated as capitalization

one can get it. There are some enlight- that that is the capitalization, Mr. Cary-Do you know whether or not ening statements in the book in regard

amount of the gas sells at 50 cents. And I remember that when I testified the last time before your committee there were certain statements made in the papers Mr. Goldsborough-I can answer that about certain very low prices of gas, as question. It has not. It could not pos- low as 50 cents. Petween the first and second days of the hearing I analyzed those statements, and the next day gave you the result. I showed you that those who testified here in regard to the lowpriced gas gave you the minimum price Improvement Company, of Philadelphia- that could be obtained under certain owning probably fifty different works in conditions, as to amount of monthly con-

of \$1,900,000 in bonds and \$1,000,000 in N. Y., was stated as 75 cents per thou canaba, Mich., was down at 70 cents, while the price was \$1.121/2. Detroit, Mich. this so that you will not allow those

low prices to mislead you. Mr. Cary-Don't you believe that th gas at sixty cents and make an honest profit out of it

Mr. Humphreys-What do you call an onest profit?

Mr. Cary-More than 6 per cent. Mr. Humphreys-On the actual invest nent, no, I do not. Nor do I think that would be a fair return, 6 per cent on a ousiness of this kind. Mr. Rothermel-I understood you to say,

Mr. Humphreys, that the earnings of the gas company here were \$647,000. Mr. Humphreys-Yes, sir

Mr. Rothermel-What did you say the apitalization was? Mr. Humphreys-\$2,600,000, plus \$2,600,000,

plus in round figures \$600,000. Mr. Rothermel-How much is that? Mr. Humphreys-\$5,800,000. Mr. Rothermel-Now, then, on that they

have net earnings of \$647,000. Mr. Humphreys-Yes, sir. Mr. Rothermel-What does that \$5,800,000

referring to statement, document No. 675). It represents the actual capital stock of \$2,600,000, then dividend certificates of ndebtedness of \$2,600,000, representing, no doubt, surplus earnings, and improvement bonds of \$598,700, which I called in round figures \$600,000.

Mr. Rothermel-Are the betterments included in that? Mr. Humphreys-Some of them are, yes,

Mr. Rothermel-Just enumerate them Mr. Humphreys-Do you mean by tell-

Ing you whether this-Mr. Rothermel-What betterments do you refer to? Mr. Humphreys-I refer to it in this You would have to make an appraisal, as I have made, of the plant as a whole, and then make a comparison be-

appraisal and the securities issued. Mr. Rothermel-But is the plant, the entire plant, included in that; the value Mr. Humphreys-In the figures that I

Mr. Humphreys-Are you an account-

Mr. Rothermel-Just answer my question, and that will be all right. Mr. Humphreys-No: not included: and

quibble, but I am trying to make a statement that can be understood, Mr. Rothermel-How are these amounts it, gentlemen. Any way you like to do for services-these connections made with it is satisfactory to me,

different people, are they included in that? Mr. Humphreys-I will tell you in

Mr. Goldsborough-I think so: I think the services are included. Mr. Humphreys - My recollection is,

Mr. Hazelton-I object to this. This witness is being tested as to what his personal knowledge is, and I do not think he should be interrupted-

Mr. Wiley-I think the members of this you will oblige me, Mr. Hazelton, by sitting down.

Mr. Hazelton-But when he is being tested as to his personal knowledge, I to their condition now? think it is fair to have him answer instead of having Mr. Goldsborough come in and answer for him

whether that was included in the \$5,800,000. Mr. Pearre-Mr. Goldsborough says that 1,000 to-day to manufacture than it was

Mr. Rothermel-When was that? Mr. Humphreys-At the end of 1907 there was \$886,000 for services, money for services put in by the company-

Mr. Rothermel-But the property owners pay for that. Mr. Humphreys-Not in all cases, Mr. Rothermel-But it was testified to that the property owners pay for that. Mr. Goldsborough-In part, but not alto

Mr. Rothermel-What proportion? Mr, Goldsborough-I could not tell you precisely what proportion, but I can refer to this case of the gentleman who stated that he paid \$65. I have the fig- that reduce the cost? ures, and he paid \$25, and he paid precisely what they pay in Milwaukee-25 cents a foot for the pipe. When I come to that matter I think I can make it

was a proper charge. Mr. Rothermel-Now, you say that the

Mr. Humphreys-I think so; yes, sir. Mr. Goldsborough-Not dividends, but Mr. Humphreys-Yes; earnings, not dividends.

Mr. Rothermel-Eleven per cent on their

Mr. Rothermel-Then what is this 11 Mr. Humphreys-On those securities.

Mr. Rothermel-On the investment? Mr. Humphreys-No. sir. Mr. Pearre-You must learn that what ment as to how such things go, I am pre-

Mr. Humphreys-Now, we are all trying to get at the truth. Take this case-Mr. Pearre-I think, Mr. Humphreys, that you are very much better prepared In your position than a great many other gentlemen. You seem to have opportunities for defending your opinions that others have not had.

Mr. Humphreys-I am not prepared in Mr. Pearre-Am I correct, that you are

employed by the Washington Gaslight Company to make this presentation? Mr. Humphreys-Certainly.

Mr. Pearre-I just wanted to know Mr. Coudrey-In regard to the cost of laying the pipe, does it not cost more in

a climate like that of Milwaukee, where

there is a deep frost line, than it costs here in Washington? Mr. Humphreys-That is one element in favor of Washington. I do not believe it would cost more here than it would there with regard to this element

of cost. Mr. Coudrey-No: not more, but less. Mr. Humphreys-I am making this statement that way for a minute, to show you that you cannot take in one item of cost, or one factor, to determine the final comparison. For instance, lay-Washington Gaslight Company could sell ing the pipes in New York City, which is a milder climate than that of Milwaukee, costs a great deal more than it

> does in Milwaukee. Mr. Coudrey-Why, on account of the

rowded streets? Mr. Humphreys-By reason of a number of factors. On account of the political conditions as to inspection, especially the very great crowding of the streets and obstructions underground; and also as to the difference in pavements, but, however, that is gradually being changed. It is very expensive in regard to the pavement question. The question of renewing the pavements is

one of the most serious items, Mr. Coudrey-In the extension of the bulk of the mains, so far as Washington s concerned, it is outside of the asphalt

Mr. Humphreys-I presume so; yes. Mr. Coudrey-So I would think it would ost much less than in any other place. Mr. Humphreys-But you know that every time you have to open the

The Chairman-I think, gentlemen, that when you and I come to read over this testimony we will feel that we should have allowed Mr. Humphreys to proceed and make his statement, and that the uestions might come later.

Mr. Coudrey-Well, I thought we were

streets-

loing that.

The Chairman-I do not want to direct he examination by the members of the ommittee, but it seems to me that we should allow the witness to proceed for five or ten minutes consecutively. Mr. Coudrey-I think the witness is perfectly willing to make his statements.

The Chairman-He is, and I have not

the slightest objection personally to this

manner of examination; not the slightest. Mr. Coudrey-And the witness is not ob-Mr. Pearre-But the very first person to violate the rule that we had tentatively laid down was Mr. Goldsborough him-

self. I have no objections to the methods pursued myself, either Mr. Goldsborough-So far as I am con cerned, I will state to the co I was only interjecting these questions in order to bring out the facts. It is enant, and are you looking at these figures tirely immaterial to me how he shall in the same way that I am looking at proceed, but I think what the committee wants, and what we are entirely willing

to give, is the truth. The Chairman-We first established the rule that we would allow the witness to t is not all right. I am not trying to proceed, but we immediately got away from it.

Mr. Humphreys-I have no objection to Mr. Coudrey-Let me ask you one que tion here. Have you looked into the affairs of the Washington Gaslight Company enough to be able to state whether

they are overcharging the public or not?

Mr. Humphreys-About two years ago I went into it very thoroughly, and was however, Mr. Goldsborough, that there is prepared then to state unhesitatingly that a difference. Part are included and part | they were not, Mr. Coudrey-How about now? Mr. Humphreys-As I say now, I have not had an opportunity to go over it except to take the present figures and com-

pare them with my figures in the past, and to use my own judgment as to what committee should be permitted to ask could have occurred in the meantime. I such questions as they choose. I do not do not believe that they are overcharging propose to have any cutsider come in at the present moment, especially at the here and tell us what we shall do, and reduced price of gas, and as compared with other cities.

Mr. Coudrey-But how do you draw that

onclusion if you are not fully posted as

Mr. Humphreys-I made a thorough examination two years ago. Mr. Coudrey-But things may be dif-Mr. Rothermel - I wanted to know ferent now. Mr. Humphreys-Yes; and I happen to know some things that are different, I know that the gas is costing more per

> costing two years ago when I was here. That would not tend in the direction of a reduced cost to the consumer. Mr. Pearre-It is costing the consumer more, is it not? Mr. Humphreys-No, sir. Mr. Pearre-Some have testified that, notwithstanding there has been a reduc-

> tion in the price of gas, their bills are Mr. Humphreys-I would like to answer in regard to that later. Mr. Coudrey-Has not the consumption

increased; is not this city growing rap-Mr. Humphreys-Yes, sir. Mr. Coudrey-And the larger the population the more gas consumed. Does not

Mr. Humphreys-Yes, and of course the more you increase—that is, the greater amount sold per capita, of course-the less will be the rate at which the de-70 cents per thousand, and then for all entirely clear to the committee that it creased cost will decrease, and that will go on until you finally reach a place where, practically, there will not be any dividends were 11 per cent and a frac- decreased cost. For instance, New York has reached such a point of saturation that if you add to their sales there will be practically no effect in the way of re-

Mr. Coudrey-But you say that you

have only given two hours toward looking into this matter. Do you think that you can give us a fair answer as to whether they are or are not overcharging the public after such an examination? Mr. Humphreys-My dear sir, I don't think that your question is a fair one, if you will permit me to say so. I have not said that I have only put two hours on it. I have put days and days upon it. I have brought it up to date; and with the study of the present situation such as I have given, and with my judg-

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